SUMMARY OF HAK REPORT RECOMMENDATIONS

In August 2003, the Office of the Auditor General (Manitoba) issued a report on a number of property transactions on Hecla Island, located in Hecla/Grindstone Provincial Park. The focus of the report was the allocation of cottage lots in Hecla Village acquired by the province during the creation of the park. The original owners of the lots prior to 1969, or their families, were given an opportunity to participate in the lot allocation process. After the allocation process was completed, several issues were raised, prompting the Auditor General's involvement.

Subsequently Mr. Martin Hak was engaged by the province to provide advice on four recommendations of the Auditor General's report on Hecla. Mr. Hak recommends:

1. "That the Department seek legal advice as to its options regarding lots and property secured in the Hecla Historic Village by individuals under inappropriate circumstances."

    - Province should review the questionable transactions after the RCMP investigation and subsequent court actions are completed.
    - Ministerial consent to any transactions or disposition of lands involved in the investigation be withheld
    - Province to develop formalized policies and procedures to confirm validity of leasing documents.
    - No transactions involving property under investigation should take place until investigation and court actions are completed.
    - The department, after completion of the RCMP investigation into the three individuals identified in the Auditor General's report, review any additional evidence and what further action it wishes to take.

2. "That the Government consider whether action should be taken to review current land holdings and to provide redress for those persons who were disadvantaged by the process used in securing land at the Hecla Historic Village. The Government may decide to seek legal advice in assisting with this assessment."

    - No individuals were identified as being disadvantaged by the lot allocation process and no further action by the government is recommended.

3. "That the Department take immediate steps to resolve the subdivision of lease situation that has arisen at Hecla Island."

    - The existing practices should be maintained on land rental fees and service fees. Applications for assignment of undivided interests in Hecla Village leases should be treated the same as they are for any cottage lot leased from the Crown.
    - The government should amend regulations to permit higher rental fees for properties with two houses on a single lot.

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- Leases should be reviewed to determine if the annual rental fees received are in accordance with the fees regulation.
- The department should determine the expected rate of return and whether it be derived as a set percentage of the appraised value of the property or based on a formula taking into account current appraised value and average prime lending rate, to cost of living index or the rate of return received by the Crown on investments in the consolidated fund.

4. That pending the result of the Department of Justice's review of the problematic lot and property transactions, and of the Department seeking legal advice as recommended above, that the Department revisit the existing leasing arrangement for the Gull Harbour Marina."

    - The department should obtain a new appraisal of the Marina property and negotiate a rental rate that reflects the current value of the land.

News Release

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104-04630/

April 14, 2004

PROVINCE ANNOUNCES FURTHER CHANGES TO ADDRESS HECLA RECOMMENDATIONS

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New Agency Will Improve Administration of Crown lands

Conservation Minister Stan Struthers today announced further changes in response to recommendations of the auditor general and Martin Hak which include a new approach to the management of all Crown land.

"The auditor general's report identified serious problems in the past management of Crown land," said Struthers. "We have taken steps to respond and are continuing to address the concerns raised. Our goal is to improve the integrity of the management of public property."

As part of the provincial response to the auditor general's report and a further review of Crown land management, Manitoba will establish a new Crown Lands and Property special operating agency to oversee all land transactions.

The new agency will consolidate into one operation Crown land transactions and processes currently conducted within several provincial government departments. Once fully operational, the Crown Lands and Property special operating agency will have full authority for all land sales, leasing and permitting transactions for Crown lands.

"We have moved quickly where possible to act on the recommendations provided to improve the management of Manitoba's Crown lands, said Struthers. "The new special operating agency will ensure the future management of all land transactions is open, fair and transparent while improving customer service."

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A deputy ministers' committee, which will be part of the new agency's process, will scrutinize all Crown land transactions, establish an interim land sales appeal process to deal with the current backlog and begin co-ordinating all land information databases existing within government. Other changes in response to the reports include:

- integrating information across departments into the new agency for improved access;
- creating a Corporate Land Policy Branch;
- creating a lands committee of deputy ministers to review policies and make recommendations on the disposition of land;
- reviewing legislation and key policies;
- creating a new Crown Lands Act to eliminate inconsistencies in current provincial acts; and
- establishing an independent Crown land sales appeal body.

Martin Hak, a partner in a Winnipeg law firm, was asked by the province to provide an independent review of issues raised in the auditor general's report on land transactions on Hecla Island. The report makes several recommendations on how the province can move forward on Hecla land issues.

Several issues concerning specific land and property transactions on Hecla Island remain under investigation by the RCMP. All transactions on those properties will be deferred until the investigations are completed and all legal issues are resolved.

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SUMMARY OF RECOMMENDATIONS ATTACHED.